

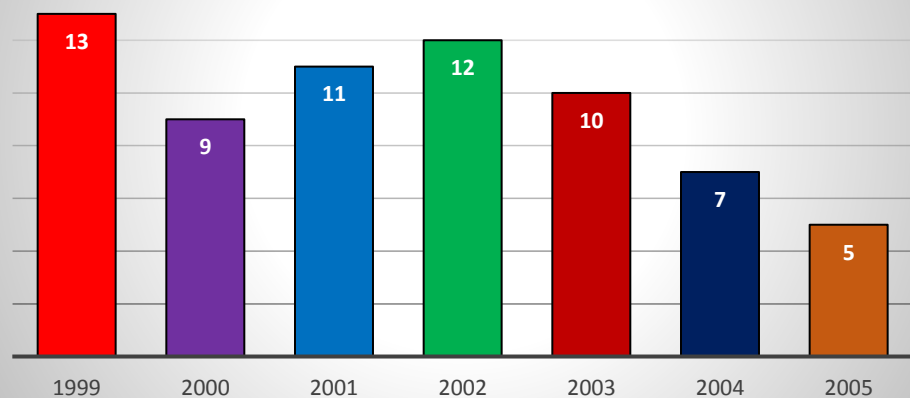
PRIVATIZING vs. IN-HOUSE SERVICES

WHICH IS BETTER?

Wastewater is full of contaminants, viruses and bacteria that pose a serious threat to people and their pets. In addition, wastewater may contain other toxic substances such as pesticides, residuals from pharmaceutical drugs, fungi and protozoan. The National Resources Defense Council reports that nearly two million cases of illnesses are caused by wastewater contamination each year, which is why it's so important that CMSD takes appropriate measures to preventing sanitary sewer overflows (SSOs).

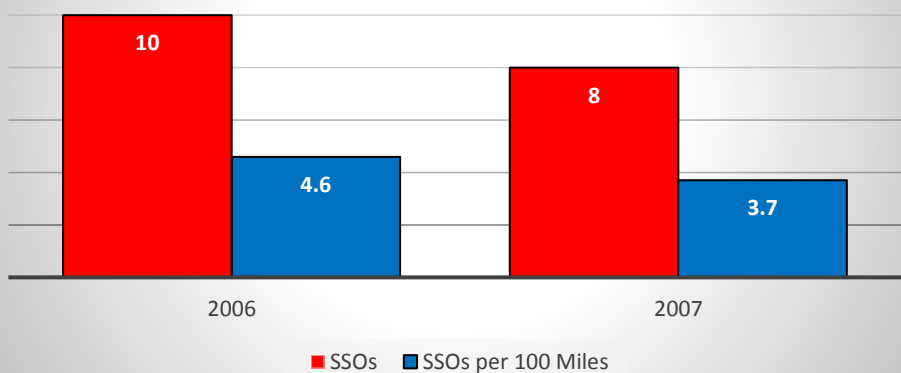
With over 224 miles of wastewater pipes it is imperative for CMSD to find a maintenance program that is effective to preventing SSOs. From 1999 to 2005 the City of Costa Mesa cleaned CMSD's wastewater system in which CMSD experienced a total of 67 SSOs, an average of 9.6 per year.

System Cleaned by City of Costa Mesa
SSOs by Year

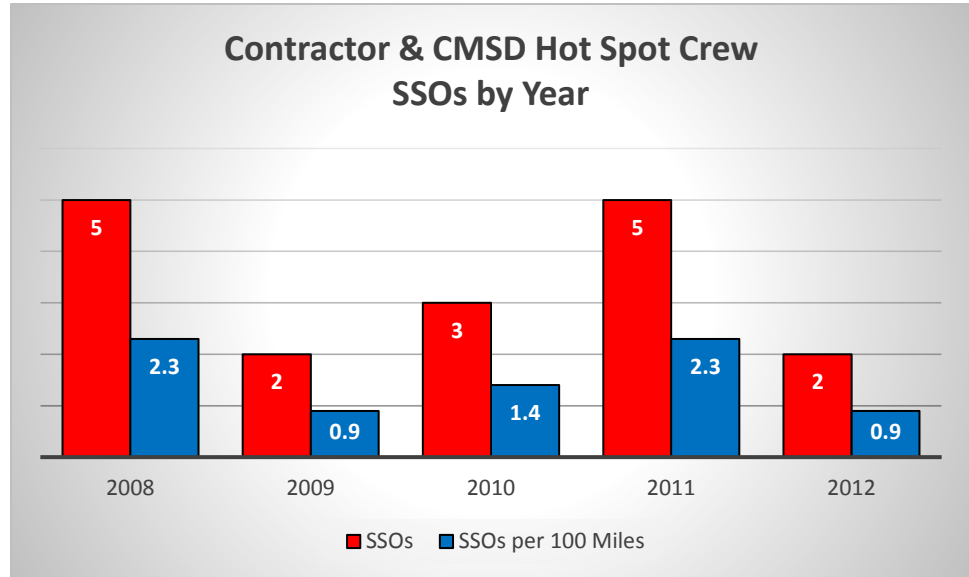


In 2006, CMSD began using a private contractor to clean the wastewater system. Heavy cleaning was required, but CMSD still experienced significant SSOs.

System Cleaned by Contractor
SSOs by year

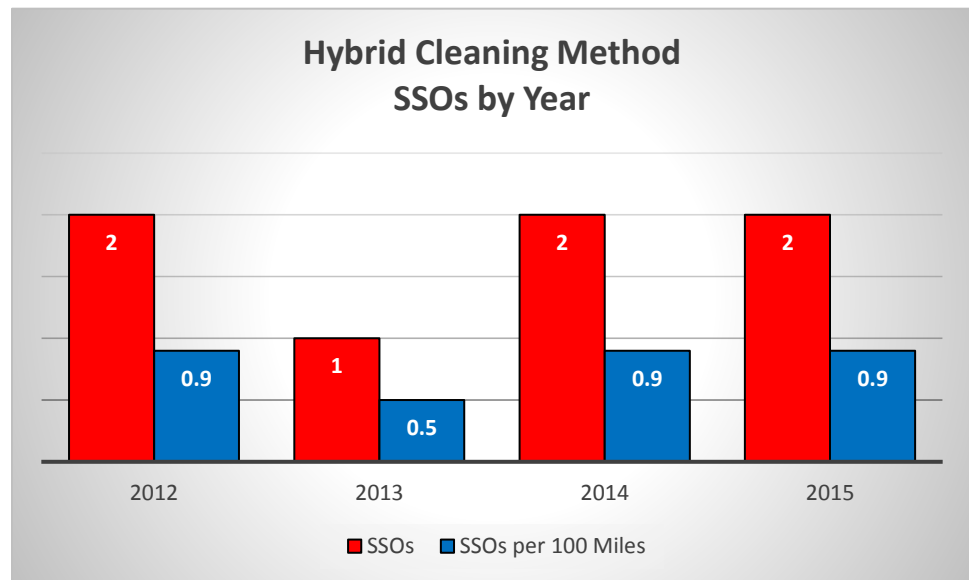


In 2008 CMSD hired two wastewater maintenance workers and purchased a 16 year old cleaning truck. The CMSD workers were assigned to clean hot spot locations (high frequency cleaning) while a contractor continued to clean the entire system in three years. As a result of hiring staff and acquiring the necessary equipment to coincide with contract cleaning method, CMSD SSOs significantly reduced as shown in the chart above.



2012 – 9 months of Cleaning

In October 2012 CMSD purchased new cleaning truck and hired another employee. The hybrid approach is having a contractor clean a portion of the system while CMSD cleans another portion and the hot spot locations within two years.

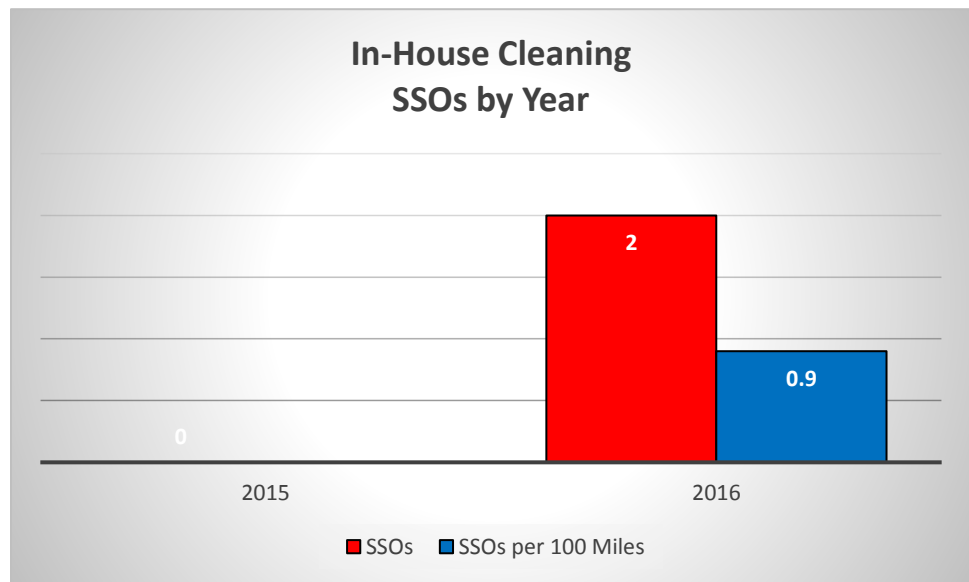


Notes: 2012 – 3 months (Oct-Dec) of hybrid cleaning
2015 – 9 months (Jan-Sept) of hybrid cleaning

Year	Statewide SSOs per 100 Miles	Region 8 SSOs per 100 miles
2013	4.38	0.87
2014	4.39	0.85

Comparing the hybrid cleaning method to Statewide SSOs per 100 miles of sewers demonstrates the method can keep SSOs below statewide average and within normal standards for CMSD's region (Region 8). 2015 data is not available.

Of the nine SSOs from 2012-2015, 89% were last cleaned by a contractor, so CMSD took a strategic position of acquiring another cleaning truck and staff to clean the entire system within 18 months by using only CMSD staff and equipment.



Notes: 2015 - 3 months (Oct-Dec) in-house cleaning
2016 - SSOs were last cleaned by contractor

The result has greatly reduced the number of SSO occurrences in CMSD. From January 8, 2015 to January 12, 2016 CMSD had 369 consecutive days without an SSO, which is the longest in CMSD's history. Other significant benefits to in-house cleaning that outweighs private contractors are as follows:

- *Ownership* – In-house cleaning crews take ownership on the system they are cleaning. They want to be responsible for doing a good job and take pride in their quality of work. Contractors want to get the job done as fast as they can so they can move on to the next job, which is commonly called, "blow and go".
- *Faster Response Time* – Having equipment stored at CMSD Corporate Yard means faster response time to SSOs and a better chance of preventing or diminishing the amount wastewater from entering

waterways. For instance, contractors have yards located in Long Beach and Anaheim.

- *Quality of Work* – For private contractors it's about making a profit, which means the faster they clean the faster they can move on to the next job. Evidence of private contractor's quality of work was found soon after CMSD begin using its own staff to clean the sewer system.
- *Knowledge of System* – Private contractors will use different operators for different jobs. They may not be familiar with the system and know where there are sags, heavy roots or FOG that may need additional attention to clean. In-house crews will know the system well because they are out in the field every day working on the system to ensure the community's health and environment are protected.